

*P Rpts
audit - Hg*

22 MAY 1980

MEMORANDUM FOR: Chief, Audit Staff

VIA: Inspector General

FROM: J. H. McDonald
Director of Logistics

SUBJECT: Report of Audit Appraisal, Inventory Control System

REFERENCE: Memo to DDA and D/L from Chief, Audit Staff, dtd 1 Apr 80, subject as above (OL 0-1538)

1. The subject report contains recommendations regarding the Inventory Control System (ICS) and the Federal Automated Requisitioning System (FARS). The following actions have been taken in response to the recommendations:

a. Recommendation #1: Explore the benefits that may be derived from system enhancements for the following and, if beneficial, implement the changes required:

(1) develop a random inventory selection module to replace an inefficient card selection process,

(2) modify data elements to provide the information needed to determine repetitive demand, and

(3) procure needed statistical information automatically at appropriate periods and on demand.

K1 Action: (1) Data Control Branch (DCB) will work with the [] personnel to determine if this can be accomplished in the present ICS.

(2) This has been implemented, and it is explained in the action portion of Recommendation #6.

(3) Since many of the ICS enhancements are new, it will take several months to produce useful statistical reports. Until all transactions are input through the ICS, automated statistical information will have its limitations.

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b. Recommendation #2: Re-examine the month-end reporting requirements to determine minimum reports need.

Action: A re-examination has resulted in the cancellation of five reports entirely, and Supply Management Branch (SMB) has cancelled its copy of five other reports. A check with other users of the reports indicates they still require them. Hard copies of Stock Status and Activity reports are being replaced by microfiche. Since some offices do not have microfiche readers, all month-end reports cannot be replaced by microfiche. [] reports are still required. During the coming months, DCB will continue to monitor the situation. 25X

c. Recommendation #3: Assess the utility and cost effectiveness of continuing to compare the Depot Issue Notice (DIN) to the requisition Form 88 and take appropriate action.

Action: The redesign of the DIN is in the developmental stage but cannot be completed without the dedication of data processing resources from the Logistics Systems Analysis Branch (SAB), which will not be available until September of this year. The redesign will enhance the existing document, and users of the DIN must be educated to move materiel by a stand-alone document. Once this is accomplished, the dependence upon the usage of a Form 88 for materiel movement at the [] will be eliminated. 25X

d. Recommendation #4: Consolidate files and manual procedures to eliminate duplication of data and recording processes.

Action: [] disagrees with some of the rationale used to support this recommendation. Paragraph 18a of the audit report states that the [] vendor file contains the same information as the Document Control Number file." This is not so. The vendor file contains only the procurement document, excluding IDSB procurements, whereas the DCN file contains all documents pertaining to the request. The purpose of the vendor file was completely overlooked. It is an alphabetical cross-reference file used solely to acquire the appropriate DCN when materiel is received without proper identification numbers. Past experience has shown that this file is necessary unless immediately obtainable by other sources. Paragraph 18b states that "vendors' shipping/packing slips are recopied by [] on a receiving report." It is true that some of the data on the slips are transferred to the receiving report. This is done to expedite the input process. The shipping/packing slips are not uniform and they do not include information such as stock number, line item, unit of 25X

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issue, unit cost and procurement instrument number. Efforts will be made to expand the ICS data fields to accommodate statistical requirements and eliminate the majority of manual recording, but documents coded "HAR" will still require manual records.

c. Recommendation #5: Revise Property Turn-in procedures to minimize paper handling and processing.

X1 Action: Both [] and the Supply Management Branch (SMB) are affected by this recommendation. A review of the PTI process is under way at [] and it has been determined the first step in streamlining the process is the installation of an input terminal in the [] 25X

X1 [] through which data entries can be made for PTI/disposal actions. A terminal installation has been requested from ODP to accomplish this. The second step in the streamlining will be to train personnel in the use of the terminal and to coordinate the data input with other elements of Supply Division. Once this has been accomplished, the present paper handling between CR&DS and SMB will be reduced by 50 percent. While SMB is not satisfied with the procedures for processing property turn-ins, the existing procedures are as proper and efficient as their personnel resources will allow. 25X 25X

f. Recommendation #6: Consider modifying the current "wash" stock number procedure to provide the needed level of demand information.

Action: This ICS enhancement was submitted by [] to SAB prior to the audit and was implemented on 12 March 1989. While it is too early to determine the effectiveness of the enhancement, sample listings have been submitted to SMB and the initial response has been favorable. As more data is gathered, the report should become very valuable. 25X

g. Recommendation #7: Investigate the possibility of utilizing the DIN as a replacement for the telecopier in the processing of priority requests.

Action: The emergencies levied on the Office of Logistics (OL) dictate that we continue using the telecopier for the present time. Priority requests for delivery of stock items to the Headquarters area are telecopied to the Depot by SMB only if special or unusual delivery instructions indicated on the requisition must be reviewed by Depot transportation personnel prior to effecting delivery. Otherwise, effective 1 December 1979, the Depot uses the Depot Issue Notice for pulling and delivering stock items to the Headquarters area. Priority requests received via

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telecopier for overseas customers require an immediate capability by OL to react to technical inspections, special packing and overseas transportation schedules. The telecopier provides its users located in South, [] and Headquarters Buildings the communication link so essential for support to worldwide operations. []

2. Please contact P&PS/OL, extension [] if we may be of further assistance. []

/s/ James H. McDonald

Att:
Ref

James H. McDonald

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OL/SD/OSB [] (14 May 80)